

MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK

**SPECIAL SESSION
September 25, 2006**

The Board of Supervisors of Maricopa County Arizona convened in Special Session at 12:00 p.m., September 25, 2006, in the Security Center, 234 N. Central Avenue, Phoenix, Arizona, with the following members present: Don Stapley, Chairman, District 2; Fulton Brock, Vice Chairman, District 1, Andrew Kunasek, District 3, Max W. Wilson, District 4 and Mary Rose Wilcox, District 5. Also present: Fran McCarroll, Clerk of the Board; Liz Evans, Administrative Coordinator; David Smith, County Manager; Chris Keller, Chief Counsel, Civil Division; and Vicki Mangiapane, Deputy County Attorney. Votes of the Members will be recorded as follows: aye-nay-absent-abstain.

DISCUSSION REGARDING SECURITY BUILDING RENNOVATIONS

Item: Presentation, discussion and/or action regarding opportunities for the first floor of the Security building, including retail outlets and/or the creation of an Innovation Center. Staff is requesting direction from the Board of Supervisors in order to finalize scope and budget. (C7007013M00) (ADM811-012)

Heidi Birch, Facilities Management

John Wyss, Staubach Company

William Scalzo, Assistant County Manager

Dr. Robert Denhardt, Arizona State University

Heidi Birch opened the presentation by giving a short history of the Security Building, which is located on the corner of Central and Van Buren in downtown Phoenix. It was built in 1928 by Dwight Heard to house the Security Improvement Company. The original building consisted of eight floors; the twelve-story south wing and ninth-floor penthouse were added in 1960. In addition to replacing outdated pipes, updating the electrical system, and asbestos abatement, one of the biggest projects has been the historic renovation of the storefront and of the eighth floor ballroom, currently occupied by the Arizona State University Research Lab. The ballroom once housed a restaurant and still contains most of the original glass windows and doors. Ms. Birch explained that they were fortunate enough to find the original Otis Elevator drawings for the interior of the elevator cabs and have renovated them accordingly. The County purchased the 230,000 square foot building in March 2001 for \$8.8 million. The additional funds spent on renovations and capitol improvements bring the total to over \$35 million so far. The building currently houses a number of County offices. Other departments are scheduled to move into the building as renovations are completed.

County Manager David Smith stated that the County's need for improved services, leadership development, workforce development and technology innovations should all be taken into consideration when deciding what should be done with the building. Mr. Smith stressed the need for the County to build on existing partnerships and to look for new ways to partner with the community, as well as other government and non-profit organizations.

One of the ideas presented by Assistant County Manager William Scalzo, in collaboration with ASU. and the Maricopa Community College District, is to create a kind of urban think tank or "Innovation Center" to develop ideas and innovations for city and county governments, focusing on public policy and urban studies. Some of the activities that the Innovation Center could undertake are:

- Develop seminars, workshops and policy forums addressing issues of urban governance
- Serve as a focal point for national and international visitors interested in innovation in local government
- Assist local governments in developing innovative technologies and practices
- Conduct research studies in innovation in city and county government

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The Innovation Center could serve as host for meetings and conferences for both the public and private sectors. Additionally, the Center could facilitate leadership development training for elected officials and private executives, as well as offering other types of specialized training.

The main feature of the Innovation Center design, presented by Mr. Scalzo, is an Executive Training Room on the ground floor of the building that could accommodate up to fifty people. A conference room would be located at one end of the floor that would accommodate another 25 people. The conference room would have a roll-up door separating it from the Executive Training Room so that the space could be used as one large room if needed. A "collaboratory" would be located on the mezzanine level overlooking the training room. The "collaboratory" would be designed with 14 linked laptop computers so that material could be entered into the laptops, processed and analyzed, then projected onto three screens located at the front of the training room.

The Innovation Center presentation included some ideas for funding the center, such as private sector naming rights and public sector partnerships. Potential sources of revenue, like fee-based training and event venue rental were discussed, as well as retail business ideas that would compliment the Innovation Center theme. Various representatives from the Maricopa Community College District and from the Human Resources Department spoke in support of the Innovation Center idea.

John Wyss of the Staubach Company presented a Real Estate Study and Feasibility Report compiled to assess the possibility of offering retail space for lease on the ground and mezzanine floors of the building. The report included a review of the current and future demand for retail space in the downtown market based on existing and projected construction. The report detailed approximately 19,000 square feet of usable space with 1,600 square feet designated as prime retail space and 9,000 – 17,000 square feet of other potentially mixed use space. Some of the projected future influences on the downtown market include:

- Expansion of the Phoenix Civic Plaza Complex
- A new convention hotel
- The critical mass of existing office space
- Evolving new multi-family residential units (at least 200 units by 2008)
- Growth of the Translational Genomics Research Institute
- The downtown ASU campus
- Rapid transit facilities (e.g. light rail) and central station

The location and physical characteristics of the space could make it attractive to potential retail tenants. Mr. Wyss pointed out that while there does seem to be tremendous potential for the space by the year 2008 it is entirely dependent on foot traffic, which is not there today. Parking space near the building is very limited.

~ Chairman Stapley called for a short break ~

Chairman Stapley opened the floor for questions and comments from the Board. The Chairman commented that the essence of what should be done is multifaceted; it is not just about retail space versus a proposed collaboration with ASU, the Community Colleges, and the private sector. Chairman Stapley stated that he believes the bigger question should be about the ultimate disposition of the entire

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building. The building was originally purchased at a good price to serve as “swing space” for a number of County offices, but now a decision needs to be made as to whether to keep the building, sell it or do something else before moving forward. Whatever decision is made, it needs to benefit the County because of the potential financial implications.

Both Chairman Stapley and Supervisor Wilcox were impressed with the ideas presented, but commented that the Innovation Center plan and the Staubach plan seemed to be opposed to one another. Supervisor Wilcox wanted to know whether there was a way to marry the two plans together, and said that she did not feel ready to make a decision at this point.

Supervisor Brock said that much of the information presented at this meeting was new to him and while he was impressed with what he had heard, he also was not ready to make a decision. He suggested that the Board utilize the action timeline outlined in the Staubach presentation as a guide to evaluate the options and move forward.

Supervisor Kunasek was also impressed by the presentations and asked whether the County offices currently located in the building and scheduled to move in would be scheduled to move at some point, or whether they were in the building for the long term. Ms. Birch responded by saying that none of the offices currently programmed in the building were scheduled to move, but that it is totally the Board's discretion as to who stays and who moves.

Supervisor Wilson said that he loved the idea of partnering with learning institutions but expressed some concern about a project using taxpayer dollars that would compete with private retail establishments. Chairman Stapley responded by saying he didn't think that the two had to be mutually exclusive. The Chairman suggested that representatives from the different groups in the room work together to do some further evaluation of potential options for the building and come back with some recommendations by the 15th of December.

MEETING ADJOURNED

There being no further business to come before the Board, the meeting was adjourned.

Don Stapley, Chairman of the Board

ATTEST:

Fran McCarroll, Clerk of the Board